



City of  
**Peterborough**

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**To:** **Members of the Committee of the Whole**

**From:** **Sandra Clancy, Director of Corporate Services**

**Meeting Date:** **September 5, 2017**

**Subject:** **Report CPFS17-047**  
**Digital Signage Sponsorship - Final Agreement**

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## **Purpose**

A report to outline the results of a negotiated digital signage sponsorship agreement between the City and Movingmedia Ltd. and recommend approval of the agreement.

## **Recommendations**

That, in accordance with Section 7.1.3 d) of the City's Sponsorship, Naming Rights and Advertising Policy, Council approve the recommendations outlined in Report CPFS17-047, dated September 5, 2017, of the Director of Corporate Services, as follows:

- a) That the City of Peterborough enters into a sponsorship agreement with Movingmedia Ltd., 1049 Crawford Drive, Peterborough, Ontario, K9J 6X6, for supply, installation, software set-up, operation, and on-going maintenance of a new outdoor digital sign at the Evinrude Centre to replace the current, non-functioning sign per the details presented in Report CPFS17-047; and
- b) That the City of Peterborough enters into a sponsorship agreement with Movingmedia Ltd., 1049 Crawford Drive, Peterborough, Ontario, K9J 6X6, for the supply, installation, software set-up, operation, and on-going maintenance of an indoor digital signage (displays) network per the details presented in Report CPFS17-047.

## Budget and Financial Implications

The cost to the City to support the implementation of the indoor digital signage network is estimated to be \$100,000 and will be funded by the Digital Signage Capital Project (2017 Capital Project 3-3.01).

Hydro and internet costs will be borne by the City but will be more than offset through generated revenues of approximately \$28,800 annually. This amount will increase as gross revenues collected by Movingmedia increase.

In addition, there are several costs that the City will not assume with this sponsorship opportunity:

- The display or advertising value to the City of the City allocated space on the Evinrude digital sign and through the digital signage network across city facilities is estimated to be \$62,400 annually;
- The City will eliminate the capital and operating costs of investing in, supporting, training and paying annual license fees for digital signage technology;
- The cost of approximately \$115,000 to restore the Evinrude sign to a functioning state is also eliminated from a future capital budget as this investment is being made by Movingmedia.

## Background

Through Report CPFS17-043, dated July 24, 2017, Sponsored Digital Signage Program at the Evinrude Centre and Various City Facilities, Council approved the following motion:

That, in accordance with Section 7.1.3 d) of the City's Sponsorship, Naming Rights and Advertising Policy, Council approve the recommendations outlined in Report CPFS17-043, dated July 24, 2017, of the Director of Corporate Services, as follows:

- a) That staff negotiate with Movingmedia, 1049 Crawford Drive, Peterborough, Ontario, K9J 6X6, for the supply, installation, software set-up, operation, and on-going maintenance of a new outdoor digital sign at the Evinrude Centre to replace the current non-functioning sign.
- b) That staff negotiate with Movingmedia, 1049 Crawford Drive, Peterborough, Ontario, K9J 6X6, for the supply, installation, software set-up, operation, and on-going maintenance of an indoor digital signage (displays) network to be implemented through a phased in approach across city facilities.

- c) That, upon successful negotiations, the draft agreement outlining the supply, installation, software set-up, operation, revenue share from advertising and on-going maintenance of both the new Evinrude outdoor Sign and the City's indoor signage network is presented to Council for approval.

Report CPFS17-043 is attached as Appendix A and provides the work involved and why staff are recommending negotiations with one provider. The original report recommended that staff finalize negotiations but the final Council resolution was that staff report back with details on the negotiated agreement. This report is to provide that additional information.

### **Highlights of the negotiated agreement:**

#### **1. General Benefits to the City for all digital signage:**

- a. The City will have up-to-date technology upon which is display facility and Corporate messages without the City having to invest in, operate and maintain the technology (software).
- b. The City will have direct access to the technology to complete timely changes to the facility and Corporate messages.

#### **2. Evinrude digital sign replacement with two new digital screens 10' X 7':**

- a. Movingmedia will replace and install 2 new digital screens at Evinrude arena on the current sign pylon structure. All costs for this project will be assumed by Movingmedia - estimated value of \$115,000.
- b. Movingmedia will manage, operate, maintain and sell advertising on this screen to recover costs.
- c. Movingmedia will provide approx \$3,600 annually to the City to cover hydro and internet costs.
- d. Movingmedia will provide to the City free advertising space on the sign in the following formats:
  - i. 2 ads each cycle (1 each side) annually on the large format 5'X10' screen digital loop – value of \$10,400 annually;
  - ii. City's exclusive use of 2'X10' digital banner – value of \$26,000.

#### **3. Indoor digital signage network across multiple City facilities:**

- a. City will invest \$100,000 (2017 Capital Project 3-3.01) to develop an indoor signage network to support communications of City program and facilities.
- b. Movingmedia will undertake coordination, installation, set-up of hardware and software, and maintenance support to operate the signage network.

- c. Movingmedia will undertake management, administration and sales of advertising;
  - d. Movingmedia will pay to the City a portion of revenue to recover capital costs, hydro costs, internet costs and 50% share of net revenues.
    - i. At 75% of inventory sold, a 50% share of net revenue is approximately \$11,000 annually plus \$14,200 for electricity, internet and capital cost recovery;
    - ii. Revenue sharing is structured in a way that offers the City a greater percentage of gross revenue as gross revenue rises. City revenues are expected to increase over the term of this agreement.
  - e. Digital screens will offer corporate messaging, facility messaging, and advertising spaces. The City will retain exclusive control and use of corporate messaging and facility messaging for City communications.
    - i. Estimated value of the communications space reserved for the City is \$26,000 annually.
4. The term of this agreement would be for 10 years from January 1, 2018 to December 31, 2027.

### **Timeline**

If the recommendations of this report are approved, Movingmedia will immediately begin implementation of hardware and software. It is anticipated that both the Evinrude sign and the first phase of the new indoor signage network will be installed and functioning by end of 2017.

### **Summary**

This sponsorship agreement with Movingmedia offers the City savings from future capital costs, current savings on a digital signage network, an ongoing revenue stream, and the ability to achieve communication and cross marketing objectives across City programs and facilities.

Submitted by,

Sandra Clancy  
Director of Corporate Services

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Attachment:

Appendix A – Report CPFS17-043 Sponsored Digital Signage Program at the  
Evinrude Centre and Various City Facilities



**City of  
Peterborough**

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**To:                               Members of the Committee of the Whole**

**From:                           Sandra Clancy, Director of Corporate Services**

**Meeting Date:               July 24, 2017**

**Subject:                       Report CPFS17-043  
Sponsored Digital Signage Program at the Evinrude Centre  
and Various City Facilities**

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## **Purpose**

A report to recommend that staff negotiate for the supply, installation, software set-up, operation and on-going maintenance of a digital sign program servicing various City facilities with one specific supplier as a corporate sponsor.

## **Recommendations**

That, in accordance with Section 7.1.3 d) of the City's Sponsorship, Naming Rights and Advertising Policy, Council approve the recommendations outlined in Report CPFS17-043, dated July 24, 2017, of the Director of Corporate Services, as follows:

- a) That staff negotiate with Movingmedia, 1049 Crawford Drive, Peterborough, Ontario, K9J 6X6, for the supply, installation, software set-up, operation, and on-going maintenance of a new outdoor digital sign at the Evinrude Centre to replace the current non-functioning sign.
- b) That staff negotiate with Movingmedia, 1049 Crawford Drive, Peterborough, Ontario, K9J 6X6, for the supply, installation, software set-up, operation, and on-going maintenance of an indoor digital signage (displays) network to be implemented through a phased in approach across city facilities.

- c) That, upon successful negotiations, an agreement outlining the supply, installation, software set-up, operation, revenue share from advertising and on-going maintenance of both the new Evinrude outdoor Sign and the City's indoor signage network be entered into with Movingmedia, 1049 Crawford Drive, Peterborough, Ontario, K9J 6X6, for a ten year period from October 1, 2017 to September 30, 2027.

## **Budget and Financial Implications**

Although City staff and Movingmedia have only had preliminary discussions, of the \$240,000 initial hardware and installation costs, Movingmedia is prepared to finance approximately \$160,000 with the City funding approx \$80,000. The City's share can be funded from the IT City Departmental Projects budget (2017 Capital Project 3-3.01) which allocated \$120,000 for this project.

The City will also provide hydro and Internet services at each location which will be funded from each facility's operating budget. It is expected that operating costs and capital costs will be recoverable through a sharing of advertising revenues on digital displays which are still to be negotiated.

## **Background**

### **Brief Description of the Work**

The original pylon sign at the Evinrude Centre was installed in 1997 when the Evinrude Centre was built. The sign is currently inoperable and has an antiquated digital display relative to the technology available today. Replacement components for the digital display panels are unavailable due to the age of the technology. New digital display panels can replace old panels within the existing pylon sign, utilizing the existing structure and electrical connections.

In addition, there is a similar need to provide indoor digital signage at various City locations that would provide directions within the facility to meeting rooms, programming information, event promotion and City information bulletins. A portion of the digital display can be third-party advertising making it a viable opportunity to sell for advertising.

Although yet to be finalized, there is approximately 15 City facilities with about 35-40 display screens that could be installed. If the City were to implement this on their own, the purchase and installation of hardware, software development and contracted expertise would be much more expensive. There would also be on-going operations and maintenance of a system in which the City would have limited expertise and staff resources to sell any advertising.

In 2015, through Report CPFS15-039, dated July 27, 2015, Council awarded P-13-15 to Movingmedia to replace and market the digital sign at the Peterborough Memorial Centre (PMC). Movingmedia was the only company to respond to P-13-15.

Staff are recommending further negotiations occur between the City and Movingmedia for the following reasons:

1. With the potential one-time and ongoing costs in mind and staff resource requirements, this opportunity is very similar to the PMC digital signage opportunity and it makes sense to seek an experienced partner to work with rather than the City taking on all the components itself;
2. With an RFP issued just a short time ago, it is expected that only Movingmedia would submit a response again;
3. Staff have researched other indoor digital signage companies and cannot find any others operating with a business model that addresses the City's need for:
  - i. Investment by the third party supplier for both outdoor and indoor signage,
  - ii. Space and/or capability to display facility and Corporate messages within a shared technology platform,
  - iii. Option to integrate with City facility booking software,
  - iv. Direct access to the software by City staff to complete timely changes to sign content, and
  - v. Shared administration and coordination of advertising opportunities.
4. A vast array of software solutions on the market require additional upfront capital costs, ongoing software maintenance, staff resources to operate the software and sell advertising.
5. It will be beneficial to have City staff and Movingmedia staff work together to select the ideal location in each proposed facility for indoor digital signage. The location needs to be welcoming to the facility users, located properly for facility information, attractive to potential advertisers and the most cost effective location for internet and hydro connections.

Preliminary conversations have outlined a partnership where both Movingmedia and the City pay some money towards the initial capital cost, the initial term would be for ten years and approximately 15 City facilities would receive digital signage.

### **Sponsorship Policy Reference**

Part 7 of the Sponsorship Policy outlines when a competitive process is necessary. Section 7.1.3 allows for a non-competitive process when the opportunity is available only through a sole or single source.



## **Next Steps**

If the recommendations in this report are approved, City staff will work with Movingmedia staff to determine the facilities, the cost sharing of one-time costs and the sharing of ongoing costs and advertising revenues. When the terms are finalized, an agreement will be prepared and is to be signed by the CAO and Clerk, under their delegated authority to do so before the work commences.

If City staff is not able to negotiate acceptable terms with Movingmedia, other options to replace the Evinrude Sign and install indoor digital signage will be considered.

It is anticipated that the outdoor sign at the Evinrude would be installed first and that the indoor signage project would be undertaken in phases. Phase 1 would include digital displays at Peterborough Memorial Centre, Evinrude Centre, Wellness Centre, and Kinsmen Civic Arena and Phase 2 and 3 would include networked digital displays across remaining City facilities as needed.

## **Summary**

It is anticipated that a sponsorship agreement with Movingmedia for outdoor and indoor digital signage will be a win-win for the City and Movingmedia. If the recommendations in this report are approved, City staff will proceed to negotiate the details of such an agreement

Submitted by,

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